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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/373,786	08/13/1999	JAMES LEISTENSNER	2449-103A	2940

6449 7590 12/20/2002

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EXAMINER

PWU, JEFFREY C

ART UNIT	PAPER NUMBER
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3624

DATE MAILED: 12/20/2002

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**GROUP 3600**

**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Paper No. 12

Application Number: 09/373,786

Filing Date: 8/13/1999

Appellant(s): James P. LEISTENSNIDER ET AL.

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Vincent M. DeLuca  
For Appellant

**EXAMINER'S ANSWER**

This is in response to the appeal brief filed 7/29/2002.

**Real Party in Interest**

The Appellants' statement identifying the real party in interest contained in the brief is correct.

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**Related Appeals and Interferences**

The Appellants' statement of the related appeals and interferences contained in the brief is correct.

**Status of Claims**

The statement of the status of the claims contained in the brief is correct.

**Status of Amendments After Final**

The Appellant's statement of the status of amendments after final rejection contained in the brief is correct.

**Summary of Invention**

The summary of invention contained in the brief is correct.

**Issues**

The appellant's statement of the issues in the brief is correct.

**Grouping of Claims**

The appellant's statement of the grouping of claims in the supplemental appeal brief filed November 5 2002 is correct.

**Claims Appealed**

The copy of the appealed claims contained in the Appendix to the brief is correct.

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**Prior Art of Record**

The following is a listing of the prior art of record relied upon in the rejection of claims under appeal.

US Pat. 5,978,778

O'Shaughnessy

11-1999

**New Prior Art**

No new prior art has been applied in this examiner's answer.

**Grounds of Rejection**

The following ground(s) of rejection are applicable to the appealed claims:

**Claim Rejections - 35 USC § 102**

1. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless --

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

The changes made to 35 U.S.C. 102(e) by the American Inventors Protection Act of 1999 (AIPA) do not apply to the examination of this application as the application being examined was not (1) filed on or after November 29, 2000, or (2) voluntarily published under 35 U.S.C. 122(b). Therefore, this application is examined under 35 U.S.C. 102(e) prior to the amendment by the AIPA (pre-AIPA 35 U.S.C. 102(e)).

2. Claim 1, 4, and 7 are rejected under 35 U.S.C. 102(e) as being anticipated by

O'Shaughnessy (US 5,978,778).

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(Claim 1) O'Shaughnessy teaches a computer-implemented method for creating a portfolio of equity of stocks, comprising the steps of:

- ▶ determining the composition of a predetermined broad based stock index (S &P

Composted or Morningstar-col.13, line 59-col.14, line 46) by accessing a database (see fig.1, block 1-4; col.11, lines 21-25; col.12, lines 5-10) and creating a list of the stocks making up the index (col.11, lines 29-34; "sorting records identifying the stocks which meet said criteria in descending order of one year appreciation in stock price into a sorted list ; and making available from the top of said sorted list a listing of a number of stocks");

- ▶ obtaining from said database for each stock in said index, data relating to at least market capitalization (col.2, lines 20-34; col.3, lines 14-18 "A comparison of All Stocks (stocks with a market capitalization of more than \$...) and sales (see abstract, "price-sales-ratio"; col.5, lines 38-56 "Value Strategy Implications..."; and col.5, lines 58-64 "Growth investors want high earnings and sales growth ...") of the company issuing the stock;

- ▶ creating an acceptable stock list by at least eliminating from said index list stocks having a market capitalization below a predetermined value (col.3, lines 56-58, col.11, lines 30-34); and

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► sorting the acceptable list by sales and placing into the portfolio, until a predetermined number of stocks are reached, a stock having the highest sales of said remaining list (col.11, lines 30-39).

(Claim 4) O'Shaughnessy also teaches a computer-implemented system for creating a portfolio of equity stocks, comprising:

► a database (col.11, line 23) containing information pertaining to individual stocks and information (col.11, line 24) pertaining to stocks making up a plurality of known stock indexes;

► means for determining the composition of a predetermined broad based stock index (col.11, lines 27-34) by accessing said index;

► means for obtaining from said database for each stock in said index, data relating to at least market capitalization and sales of the company issuing the stock (col.11, lines 27-34);

► means for creating an acceptable stock list by at least eliminating from said index list stocks having a market capitalization below a predetermined value (col.12, line 6-33, "selecting stocks for an investment portfolio based on information in said database meeting certain criteria; wherein said criteria include selecting stocks of companies with database records indicating: market capitalization in excess of a desired capital amount ..."); and

► means for sorting (col.11, line 28-39) the acceptable list of stocks by sales and placing into said portfolio, until a predetermined number of stocks are reached, a stock having the highest sales of said remaining list.

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(Claim 7) O'Shaughnessy further teaches a computer product having computer readable code stored on a computer-readable storage medium (abstract and col.13, lines 8-14), said computer readable code comprising:

- ▶ means for determining the composition (a sorted list; col.11, lines 32) of a predetermined broad based stock index (S&P 500) by accessing a database and creating in a computer in which said code is programmed a list of the stocks (col.13, lines 8-14) making up said index;

- ▶ means for creating an acceptable stock list by at least eliminating from said index list stocks having a market capitalization below a predetermined value (col.11, lines 21-39);and

- ▶ means for sorting the acceptable list of stocks by sales (P-E ratio; col.11, line 28) and placing into said portfolio, until a predetermined number of stocks are reached (col.2, line 9; 50 stocks), a stock having the highest sales of said remaining list (col.2, lines 19-34; "...only stocks with a market capitalization in excess of \$150 million...").

**Claim Rejections - 35 USC § 103**

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

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4. Claims 2, 5, and 8 are rejected under 35 U.S.C. 103(a) as being unpatentable over O'Shaughnessy.

O'Shaughnessy discloses the claimed invention including usually selecting the top 16% of the database by market capitalization (col.2, line 33).

O'Shaughnessy does not disclose selecting the top 20% of the database. It would have been obvious to one of ordinary skill in the art at the time of the invention was made to select the top 20% of the database, since where the general conditions of a claim are disclosed in the prior art, discovering the optimum or workable range merely involves routine skill in the art. "Where the general conditions of a claim are disclosed in the prior art, it is not inventive to discover the optimum or workable ranges by routine experimentation." In re Aller, 220 F.2d 454, 456, 105 USPQ 233, 235 (CCPA 1955).

5. Claims 3, 6, and 9 are rejected under 35 U.S.C. 103(a) as being unpatentable over O'Shaughnessy in view of Bloom et al. (US 6,061,663)

O'Shaughnessy teaches all of the elements claimed with the exception of using the Nasdaq-100 Index as the broad based stock index.

Bloom et al. teaches a computer system and method of using the NASDAQ-100 Index® as the capitalization index and storing computer program product for rebalancing the capitalization weighted stock index (col.1, lines 33-56; col.3, lines 16-26 and 45-51).

The business practice of choosing capitalization weighted indices, in creating a stock



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portfolio, is an old and well-established business practice and different indices can be used alternatively (see also col.3, lines 26-27 of *Bloom et al.*) or simultaneously in a investment portfolio.

This practice is designed to diversify the criteria in an investment portfolio and attract more investors investing in various stock database.

It would have been obvious to one having ordinary skill in the art at the time of the invention to use O'Shaughnessy's method to create a portfolio of equity of stocks *to* include the NASDAQ-100 Index®, as taught by Bloom et al., to obtain a more diversified stock portfolio in the computer-implemented stock portfolio to seek above-market returns.

**Response to Arguments**

6. Applicant's arguments argues that the present invention as defined in the claim is not anticipated by O'Shaughnessy.

The Applicant argues that the O'Shaughnessy reference do not show a broad based stock index. The term "broad based" is a relative term, S&P Compustat/or S&P 500 is a predetermined group of stocks that consists of an index of different stocks designed to reflect the movement of the entire market, therefore S&P Compustat/S&P 500 is a broad based stock index.

The Applicant argues that the O'Shaughnessy does not show the step of sorting the index list by market capitalization, selecting the lowest market capitalization among a predetermined number of stocks in the sorted list as a predetermined value below which a stock will be rejected

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for inclusion in the portfolio, and then sorting the list by sales and comparing each successive stock having the highest sale in the list with the predetermined value to determine stocks that are acceptable for including in the portfolio, up to a maximum number of stocks. In fact, O'Shaughnessy's reference discloses this step on col.11, line 18-col.12, line 67, specifically O'Shaughnessy discloses selecting stocks of companies with database records indicating "market capitalization in excess of a desired capital amount". And the business practice of choosing capitalization weighted indices, in creating a stock portfolio, is an old and well-established business practice and different indices can be used alternatively (see also col.3, lines 26-27 of Bloom et al.) or simultaneously in a investment portfolio. This practice is designed to diversify the criteria in an investment portfolio and attract more investors investing in various stock database.

Applicant, in the appeal brief, further argues that the stock database of O'Shaughnessy is not a stock index. In fact, this statement is incorrect. The S&P Compustat Database used by O'Shaughnessy is a broad based stock index as disclosed. O'Shaughnessy teaches the use of "any commonly used database, such as those available from Morningstar or the S&P Compustat database", O'Shaughnessy uses the S&P Compustat database as a preferred database (column 13, lines 55-60). Morningstar database includes both the broad based index (Standard & Poor's 500 Index) and the narrower based stock index (Dow Jones Industrial Average). Therefore,

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O'Shaughnessy does teach that the system is using the broad based index (Standard & Poor's 500 Index) as a stock database which is being used as a starting pool of potentially acceptable stocks.

The Appellant argues that the O'Shaughnessy reference do not show the step of sorting the index list by market capitalization, selecting the lowest market capitalization among a predetermined number of stocks in the sorted list as a predetermined value below which a stock will be rejected for inclusion in the portfolio, and then sorting the list by sales and comparing each successive stock having the highest sale in the list with the predetermined value to determine stocks that are acceptable for including in the portfolio, up to a maximum number of stocks. In fact, O'Shaughnessy reference does show these steps at col.11, line 18-col.12, line 67, specifically O'Shaughnessy discloses selecting stocks of companies with database records indicating "market capitalization in excess of a desired capital amount". And the business practice of choosing capitalization weighted indices, in creating a stock portfolio, is an old and well-established business practice and different indices can be used alternatively or simultaneously in a investment portfolio. This practice is designed to diversify the criteria in an investment portfolio and attract more investors investing in various stock database.

In response to Appellant's argument that the references fail to show certain features of applicant's invention, it is noted that the features upon which applicant relies (i.e., the use of a broad based index as a starting pool of potentially acceptable stocks, at page 7) are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations

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from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

The Appellant further argues that the Examiner can not cite “SUMMARY OF THE INVENTION” because “the language of the summary of the invention is typically broader than the detailed description of the invention”, there is no mention in the MPEP that the Examiner can or cannot cite the summary of the invention.

The Appellant further argues that the S&P Compustat Database is not a stock index, whether broad based , narrow based or otherwise. Firstly, the Applicant admits that the S&P 500 is a stock index. Secondly, an index is a number that is formed from a collection of securities which is used as a reference against which the reference of any other securities measured relative to the index to determine the performance of the given securities. Therefore, the Appellant is in error in stating that the S&P Compustat Database or S&P 500 is not a stock index. O’Shaughnessy teaches this step “group of stocks that consist of an index of different stocks designed to reflect the movement of the entire market”.

For the above reasons, it is believed that the rejections should be sustained.

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Respectfully submitted,

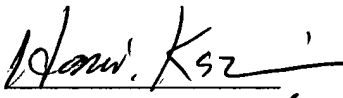
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